

A Work Project presented as part of the Award of an International Master's degree in
Management from the NOVA – School of Business and Economics.

**CAN THE STRATEGY OF THE ITALIAN FASHION LUXURY BRAND GUCCI
SUSTAIN THE BRAND'S MIDDLE TERM FUTURE AMONG ITS TARGET?**

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I. Abstract

Gucci is one of the most famous Italian luxury fashion brands, which in the last five years saw an exponential increase in its revenues because of the new rebranding. However, despite the rise in profitability, sales and interest for the brand have been slowing down during the last year. This Work Project aims to investigate if the present brand strategy could still sustain the brand in the middle term future. The research methodology focused on qualitative in-depth interviews with luxury consumers and luxury experts. Insights on future strategies for the brand are proposed at the end of the Thesis.

II. Key Words

Gucci, Luxury, Fashion, Brand Management, Strategy, Rebranding, Repositioning

III. Acknowledgements

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1. Introduction

Gucci is one of the most historical and relevant Italian House of Fashion. Founded by Guccio Gucci, the brand is active in the luxury and high fashion sector; it is part of the Gucci Group, a division of Kering, the French holding. Since ever, Gucci has owned a good reputation for its Italian craftsmanship, leveraging on the excellent quality and in the manufacturing processes of its leather, becoming a masterpiece in categories such as accessories and leather goods. The brand had a hieratic evolution; indeed, it is one of the luxury brands which went through more changes in its identity journey, with uncommon transformations in its positioning strategy. For the past five years, the brand has been working on a marketing strategy to bring back the values of the brand: catching the attention of its audience and enlarging not only its consumers base, but also its market scope; leveraging the Chinese market, one of the most influential and profitable in the luxury sector, and the new generations. By including concepts such as diversity and inclusion, Gucci became an example of a brand that has been able to understand its potential targets and to transgress the rules of the sector by innovating and disobeying, becoming a first mover in providing freedom of expression. Financially, the success has been proved. Indeed, at the beginning of 2015, the management set the goal to reach 10 billion in revenues within 2020, and in 2019 the brand stood for 9.628 billion (Kering, 2019). Asia-Pacific comparable sales represent 22% of the total revenues (Ibidem). In luxury, research describes the possibility of a brand to reach a maturation and saturation stage, after which, if there is no innovation, the brand can decline or stagnate (Raaz, 2018). During the last year, despite the growth of Gucci, there were already some signals of a slowdown in sales and engagement, independently of the pandemic.

The dissertation aims to investigate if the last rebranding transformation made by the creative director Michele can sustain the brand evolution in the long term and engage consumers or if it is time for a new change.

2. Contextual Background

2.1 History, Heritage, DNA and Codes of the Brand

The emergence of the brand Gucci can be dated back to the early stages of the 20s century. The Maison was created by its homonymous Guccio Gucci in Florence, previously working for the Savoy Hotel in London (Goodman, 2018). The contact with the British style and the whole universe of horse riding have been shaping Gucci's DNA. Back in Florence, Guccio decided to invest in his own business, opening small shops and selling leather goods, travel items, and equestrian clothing (Marzovilla, 2020). In 1933, Guccio opened two boutiques, in Rome and Milan. The brand scope was the noble and upper class who could really understand and "metabolize" the essence of the brand. As a consequence, in terms of sales strategy, the priority was the European market, where the brand ensured a high acceptance rate from consumers. This initial development allowed the brand to open its first boutique in America in 1945. Thirty years later was the turn of Asia and in the 80s Gucci became a joint stock company (Marzovilla, 2020). In 1999, 42% of the company stakes were acquired by the holding Kering, with an incremental increase until 99.4% of ownership in 2004 (Kering Group 2020).

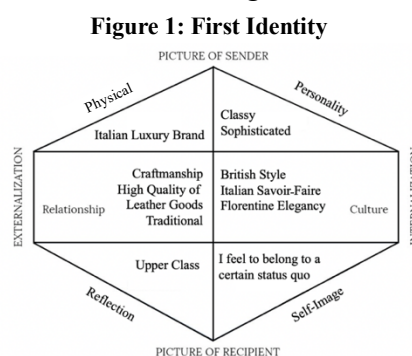
Gucci's uniqueness can be understood by analyzing its codes. Brand codes are a visual expression of the brand and are strongly linked to its physical attributes and aesthetics, facilitating the brand recognition (Morisset, 2020). In 1947, Gucci introduced the "Bamboo Bag" (Marzovilla, 2020), an example of the acumen of artisans during the shortage of materials in wartime; followed by the "Horsebit" (Museo del Marchio Italiano), a miniature composed by a double ring joined by a bar; and by the "Web" (Ibidem) a green-red-green ribbon which recalls the traditional horse saddle girth. In the 60s, appears the "Flora" print (Icon, 2015), symbolizing the Gucci's garden of delightful motifs and the "GG" (Museo del Marchio Italiano) motif, becoming the company's logo several years after (see Appendix 1).

Over the years, the Maison and its heritage have been represented and reinterpreted through the lens of several creative directors. It is with Alessandro Michele that two other codes appeared: the “Snake” which means rebirth and the “Marmont” inspired by a Gucci buckle used in the 70s (see Appendix 2).

To analyze the identity of Gucci, the brand identity prism was used. The model of J.N. Kapferer (See Appendix 3), largely used in luxury brand management, uses six different facets (da Silveira, 2019). In Gucci there are three different moments in time where its identity has been disrupted.

2.2 The First Identity of the Brand

Initially, externally the physical of the brand was based on the concept of being an Italian luxury brand, which wanted to create a relationship with consumers based on the high quality of leather goods, craftsmanship and tradition. Gucci wanted to reflect consumers from the upper class. Internally, the brand was associated with a classy and sophisticated person, carrying the heritage of the Florentine elegance, the Italian savoir-faire and the British style. Wearing Gucci consumers should have felt to belong to a certain status quo (see Figure 1).



According to Kapferer and Bastien (2012), a luxury product must possess two aspects to be legitimized as being luxury:

- The *individual function* is identified by the individual pleasure absorbed during the experience with the brand/product. In other words, the *substance*, the more private and intimate feature of a luxury brand, is merely related to the user’s usage. The substance

can be recognized in the quality of materials or ingredients used, as well as in the product's promise to its consumers.

- The second aspect is the *social function* which is representing the social statement, called either symbol or status, of those consumers that own the product. This is the more intangible aspect connected to the prestige conferred by the brand to its users/consumers. Indeed, this aspect participates in the construction of the consumer's social identity (da Silveira, 2020).

“This duality and this ambivalence are what makes the concept of luxury extremely subjective and variable” (Kapferer & Bastien, 2012). Initially, in Gucci, the duality was weighing more toward the status, resulting in a *Veblen Effect* (Leibenstein, 1950), stimulating a conspicuous consumption by consumers who would buy it to express their social power and membership to the “right” social class. The substance was merely related to the great quality of the products.

2.3 Gucci Before 2015

Before 2015, Gucci was merely capitalizing its efforts on keeping strong its brand equity, trusting on its traditional consumers' base. The marketing strategy was relying on delivering the same message to celebrities, fashionistas and upper-class consumers. Moreover, its storytelling was only told across two main channels: physical stores - minimal in their aesthetic, and magazines. Lastly, an important role in the “Gucci before 2015” had been played by two different creative directions: Tom Ford and Frida Giannini.

2.3.1 Tom Ford Era under De Sole management

In 1994, De Sole (Gucci's CEO) decided to hire Tom Ford to lead the brand out of the close bankruptcy and to turn back its image into a fashionable one. Ford re-branded Gucci into a sexy, cool and glamour fashion house (Amed, 2013), following the trends of the time. The aim was to reposition the brand addressing a different customer target, younger and modern, relaunching the ready-to-wear collection and leather goods. It is in 1995 that Ford launched its

first Autumn/Winter collection (Amed, 2013) which prompted Gucci's sales booming (see Appendix 4).

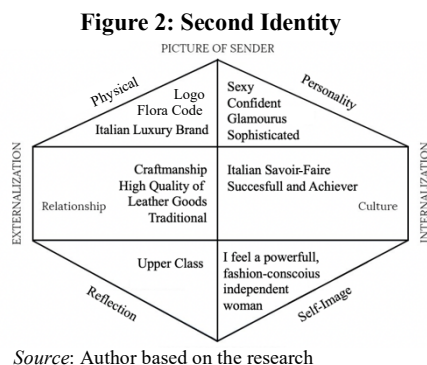
The overall marketing strategy was reinvented. Starting from the price, Ford and De Sole carefully decided to lower it by about 30% (Kwak & Yoffie, 2002), setting it in line with Prada and Versace but less than Dior and Chanel, to convey Gucci as an exclusive premium brand but still accessible (Hendriksz, 2015). From a manufacturing point of view, the couple decided to set craftsmanship's quality and Tuscany as keys of their DNA, reorganizing their factories and establishing the right suppliers' partnerships. This allowed Gucci to grow its manufacturing capacity and strengthen its suppliers' boundaries, due to the new need for a shorter production run. To have more control over the quality, the company decided to bring back 50% of the leather manufacturing in-home, instead of outsourcing it (Kwak & Yoffie, 2002). The distribution channel was reduced, giving more importance to directly operated stores, representing between 60%-65% of revenues (Forbes, 1999). Ten years later the brand accounted for a total growth of 1.3 billion with average annual revenue growth of 22.5% and average annual profit growth of 65.8% in this decade (Hendriksz, 2015).

2.3.2 Frida Giannini Era under Di Marco management

In 2005, Frida Giannini took the lead of the brand. The sophisticated and graceful vision of Giannini, allowed her to expand the brand to other product categories in addition to that of fashion. In her mind, "Gucci embodies much more than clothes; it's an all-encompassing lifestyle" (Bailey, 2012). Gucci established a partnership with UNICEF, collaborated with Fiat and Riva yacht, entered the children market, acquired the Richard Ginori porcelain manufacturer, opened the Gucci Museum and expanded the business into the beauty industry (Ibidem - see Appendix 5). Frida decided to not abandon the successful sensual aesthetic of her predecessor (Solca, 2015), including clear lines and rigorous silhouettes in her collections (see Appendix 6).

2.3.3 The Second Identity of Gucci

Ford and Giannini gave to Gucci a new image and a different identity. Gucci already acquired a certain level of awareness, which was leading consumers to purchase and use the brand just because of its uniqueness and rarity, resulting in a *Snob Effect* (Leibenstein, 1950). Externally, the brand was still capitalizing its efforts in keeping the same structure of the previous identity, accentuating its logo and some codes in its physical. Whereas internally the brand's personality has been turned into a confident, sophisticated, sexy and glamorous one. The culture recreated around the brand was based on the ability to be successful and achiever, perpetuating the concept of Italian savoir-faire. Consumers wearing Gucci should have felt powerful, fashion-conscious and independent women (see Figure 2).



Source: Author based on the research

2.3.4 The Decadence of Gucci

In 1997, the first Chinese stores opened and “*Gucci learned to speak Chinese*” (Cooper, 2019). Quickly the brand expanded its business into the Chinese market reaching there 37% of Gucci total revenues (Ibidem). This expansion eclipsed the European market. European consumers started being less status driven, researching not only the substance of the products, but also niche subtler fashion brands. The iconic interlocking GG logo asset started losing its attraction in Europe, with sales concentrated mainly on non-logo goods (Kollewe & Cochrane, 2014). Consumers started rejecting Frida's collections. Her strategy to bring back the archive of Gucci, showed up to be too classic and repetitive for the target, leading the brand to stale. “It goes hand in hand with the fact that as a luxury brand you promise exclusivity, if you become too

popular too fast you risk losing that exclusivity” (Thomson, 2014). Moreover, despite the upscale strategy¹ of Di Marco’s management, Gucci didn’t manage to pursue its growth. Unsuccessfully, he reduced the sales of important accessible products, diminishing the use of the double GG logo and reintroducing some classic house styles by increasing their prices (Wendlandt, 2014) to regain high-end consumer base. Consequently, Gucci had a decline of -1.1% in revenues on a comparable basis for the year as a whole and a reported change of -1.8% when compared to 2013 (Kering Group, 2014). In addition, recurring operating income went drastically down of -6.7%, with a loss of -75.6M (Ibidem - see Appendix 7). The absence of innovation corroded both the brand attractiveness and the willingness of investors to capitalize on it. In turn, when Chinese Gucci consumers understood that the brand was losing its *allure* in Europe, they started also devaluating it. Gucci lost its reason to believe. Moreover, the fast Chinese growth resulted in a weak local organization of the company facilities, and especially an ineffective control of the grey market (Thomson, 2014), which arouse in consumers the sensation to not be valuable when wearing Gucci.

2.4 Gucci After 2015

In 2015, Gucci got back into business, entering the celebrated “Revolutionary Era”. A large contribution came from the introduction of artificial intelligence, used to gather useful information about new consumers’ needs, to forecast future sales. The management set Millennials and Gen Z as the target priority, offering them a new value proposition based on ready-to-wear and streetwear fashion. Additionally, the use of social media like Instagram and online retail stores like “Farfetch” or “Gucci.com”, led the brand to interact more with its consumers establishing a one-to-one communication. Two are the main activists of this

¹ This approach, very well-known in luxury, states that the average price of luxury brands should grow constantly: “the client development dynamic is not the increase in the number of clients through the lowering of the access price, which devalues the brand, but through the increase in the number of clients who are willing to pay to access the brand” (Kapferer & Bastien, 2012, p.180).

transformation: the new and actual CEO Marco Bizzarri and the creative director Alessandro Michele.

2.4.1 New Luxury Consumers: Millennials & Gen Z

Following Bain & Company research, new generations will account for 40% of the luxury goods market by 2025 (see Appendix 8). Five trends can be associated with Millennials & Gen Z targets:

- 1) The rediscovery of individuality: self-expression is more important than the aesthetic.
- 2) Substance over status: authentic experiences are privileged to materialistic feelings.
- 3) Sustainability is the core value: luxury brands have to offer better quality of life images.
- 4) Digital is part of the DNA: strategies need to focus on omnichannel experiences.
- 5) Diversity and Inclusion represent the new brand exclusivity.

Today consumers buy luxury because of their need to identify and to project themselves into their community, resulting in a *Band Wagon Effect* (Leibenstein, 1950).

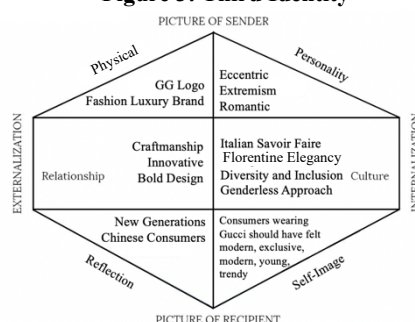
As stated by Bain & Company, Millennials are not just a group, they are a “state of mind”: their digital lifestyle has been able to influence all generations (Beauloye, 2019).

2.4.2 Michele’s Revolution under Bizzarri management

In December 2014, Marco Bizzarri is appointed as the new CEO of Gucci facing a huge challenge: to reposition the brand. The key strategy of Bizzarri can be summarized into four different macro areas: identity, price, merchandising, digital. Michele, the new creative director, decided to integrate into the brand identity topics such as sexuality and gender diversity. In the Pre-Fall 2015 campaign, he introduced the new position of Gucci, reflecting the real life with a veil of mysterious genderless approach (Amed, 2015 - see Appendix 9). The strategy was focused on the ability to rediscover the exclusivity and individuality of the brand by creating a culture of inclusivity (Fernandez & Crump, 2019). He transgressed the previous image of the brand. Externally, he wanted Gucci to physically represent a fashion luxury brand

focusing on the re-templativization of the GG logo. Creating a relationship with consumers based on craftsmanship along with innovative and bold design. Gucci wanted to reflect new generations and Chinese consumers. Internally, the aim was to associate the brand's personality with concepts such as extremism, eccentricity and romanticism, with a strong reliance on depicting the Italian savoir-faire, the Florentine elegance, a genderless approach and a culture of diversity and inclusion. Consumers wearing Gucci should have felt modern, exclusive, up with the trends, young and fresh (see Figure 3).

Figure 3: Third Identity



Source: Author based on the research

Related to the importance of leather goods (see Appendix 10), Michele and Bizzarri decided to re-emphasize the GG logo revamping belts and handbags and offering entry-level prices. According to Lyst, many of Gucci's items that made the top ten best sellers have been logo products (Danziger, 2017). Michele rejuvenated all the product categories (see Appendix 11), dressing contemporary icons such as Rihanna or Elton John (see Appendix 12).

The merchandising strategy aimed to bound together creativity and markets. For Bizzarri, it was fundamental to create a solid, unique, democratic and shared vision between business, runway and sales (see Appendix 13). He excluded the previous data-driven method based on KPIs, adopting a more product-driven approach focused on products' attributes (Fernandez & Crump, 2019). Products and best-sellers started being produced and offered at the same time²; collections were divided into two categories: timeless pieces, for traditional consumers and trend-driven items for more fashionable and younger ones (Ibidem - see Appendix 14). The

² Usually, in fashion, after few months from the launch of a product, the best sellers are produced in different colors and formats.

level of the inventory decreased, and the unsold items were sent to the outlets only one year after the release. Products were kept in the stores for a longer time without adopting any discount policy, to build a longer term loyal dialogue with consumers (Hoang, 2016). The concept of stores was revised, rejuvenating and enlightening them with eccentric and eclectic colors and adopting artificial intelligence to better track consumers (see Appendix 15). The aim was to recreate the same feeling of the ready-to-wear shops (Amed, 2015). The result was an exponential increase in the demand for products, which led to a rise in production capability and a concrete change in the supply chain. The company started new suppliers' partnerships to focus on preserving the Italian manufacturing knowledge, enhancing vertical integration and reducing lead time (BoF, 2017). A new production center was opened, the Gucci ArtLab, supporting the development of internal production (Segran, 2019).

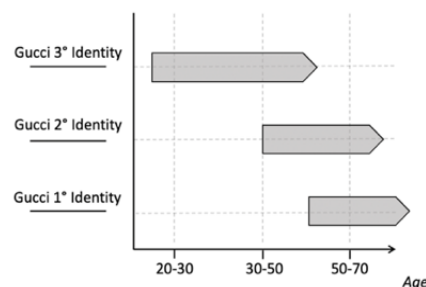
The massive investment in social media and digital played a huge role in the communication strategy, increasing the level of awareness and interest. The use of brand ambassadors to sponsor Gucci's products increased the speed of purchase, which required a *just in time* vision of the production processes. The development of the e-commerce strategy and the use of virtual reality made the brand more authentic and inclusive. Today consumers can experience Gucci wherever they are through a 360° customized strategy to involve clients in the co-evolution of the brand. For instance, they can virtually try on products and interact with sales assistants from their homes (see Appendix 16). From a financial perspective, the new positioning strategy resulted in an initial increase in revenues, in 2015, of +0.4% on a comparable base for the year as a whole and a +11.5% increase when compared to 2014 (Kering Group, 2015). Progressively, in 2016 it rose to +12.7% on a comparable base and of +12.5% when compared to 2015 (Kering Group, 2016 - see Appendix 17). Gucci represents today 63% of the share of the Kering Group (Statista, 2020) with reported revenue of 9,628.4 billion in 2019 (Kering Group, 2019) and with the expectations to reach 10 billion within 2020 (Fernandez & Crump,

2019 - see Appendix 17). However, it is important to highlight that all these projections were made without taking into account the effect of the pandemic. The rebranding allowed Gucci to expand its business to a more mass-market target, giving the brand the ability to reconquer the European market, which in 2019 represented 28% of total global revenues (Statista, 2020). Moreover, it regained influence in the Chinese market (see Appendix 18). Gucci launched a complete way of life under its *Guccification*. A lifestyle that caught the attention of the Chinese new generations, more interested in the aspiration that the brand can deliver rather than in the heritage, as they seek brands able to modernize their stories and their culture through digital channels (McKinsey, 2019), and this is what Gucci did.

2.5 Analysis Debrief

The following figures summarize some important key aspects of Gucci's evolution:

Figure 4: Consumers



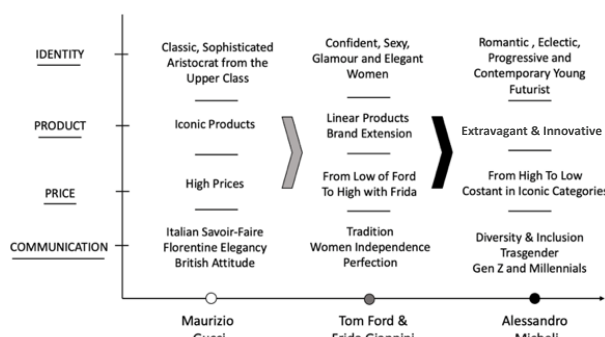
Source: Author based on the research

Figure 5: Market Scope



Source: Author based on the research

Figure 6: Brand Evolution



Source: Author based on the research

Figure 7: Brand Interest

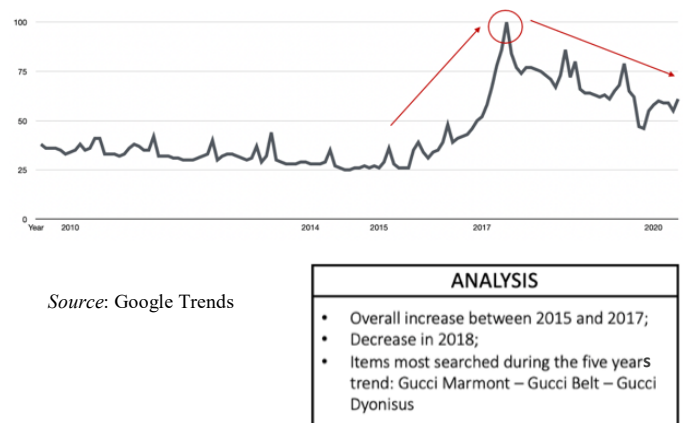
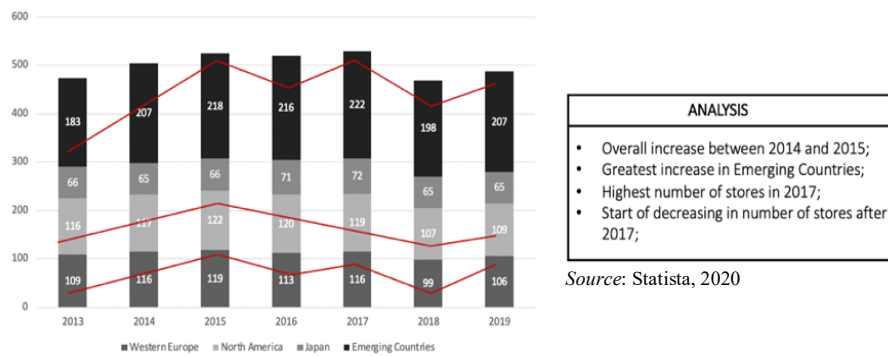
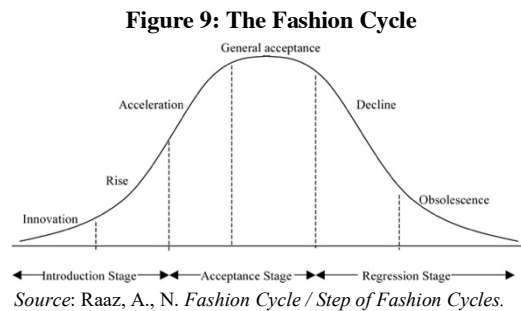


Figure 8: Directly Operated Stores



2.6 What is Next? Is Gucci Reaching a Saturation?

Fashion luxury management is commonly grounded on a bell-shaped curve, composed of five stages (Raaz, 2018 - See Figure 9).



The first stages are represented by the introduction and acceptance phase (Ibidem) when the novelty is launched in the market and it can be rejected or accepted. If the second scenario happens the management decides to expand the product line (Ibidem). After reaching the peak of popularity, the possibility of being copied increases and a slowdown in sales can show up. At this point, two scenarios can take place: the regression stage (Ibidem) or the innovation scenario.

In 2019, Gucci showed a signal of a steady normalization, indeed the brand didn't grow as expected, bringing down Kering's shares by 6% (Kar-Gupta & White, 2019). Have luxury consumers started perceiving the brand as predictable? Is in the market any signs of a decrease in the brand's interest? To pursue sustainable growth should the brand prepare for another repositioning in the market? Where should the brand capitalize its investments?

3. Addressing the Work Project Topic

3.1 Methodology

- Sampling Strategy

To gather useful data on the perception of how luxury consumers are perceiving the evolution of the brand Gucci, a qualitative research was conducted. The sampling strategy was based on 29 semi-structured interviews: 24 out of 29, focused on luxury consumers, whereas the other 5 on luxury experts' opinions (see Table 1). A pre-recruiting questionnaire (see Appendix 19) was initially conducted to select the sample. Results showed that consumers who purchased Gucci before and after 2015 were from 40 to 65 years, while the once who had purchased it only after 2015 were between 15 and 35 years. A contingency analysis was also run to confront this assumption³ (see Appendix 20). Consequently, to understand the two different consumers' perspectives of the rebranding, two separate interviews were conducted within the luxury consumers category.

Table 1: Interviews Results

Pre - Recruiting Questionnaire	Luxury Consumers						
	Population	n=71					
	Actively Interested in Gucci	81%					
	Purchased Gucci	70%					
		Age		Ratio			
		15-35	40-65	Category Relative %		Total Cumulative %	
	Purchase	34	16	100%	100%	68%	32%
	After 2015	28	5	78%	31%	52%	10%
	Chinese	2	-	6%	-	4%	-
	German	2	-	6%	-	4%	-
	Italian	17	5	50%	31%	34%	10%
	Polish	1	-	3%	-	2%	-
	Portuguese	2	-	6%	-	4%	-
	Norwegian	1	-	3%	-	2%	-
	Usa	1	-	3%	-	2%	-
Before 2015	-	-	-	-	-	-	
Spain	8	11	24%	68%	18%	22%	
English	-	1	-	6%	-	2%	
Italian	6	10	18%	63%	12%	20%	
Portuguese	2	-	6%	-	4%	-	

Semi - Structured Interview	Luxury Consumers				Semi - Structured Interview	Luxury Experts		
	Sample	n=24				Sample	n=5	
		Age				Nationality		
		15-35	40-65					
	Purchase	13	11	-		Italian	2	
	After 2015	12	-	-		French	2	
	Chinese	2	-	-		Serbian	1	
	German	1	-	-		Geography		
	Italian	6	-	-		Asia - Pacific	2	
	Portuguese	1	-	-		France	1	
	Norwegian	1	-	-		Italy	2	
	Usa	1	-	-		Occupation		
	Before 2015	-	-	-		Professor	2	
	Spain	-	-	-		General Manager	1	
	English	-	1	-		Owner Luxury Multi Brand Store	2	
Italian	1	10	-					
Portuguese	-	-	-					

Source: Author based on the pre-recruiting questionnaire and semi-structured in-depth interviews data

- Semi-structured in-depth interviews with consumers

Interviews focused on understanding the consumers' insights about the perception of the change in the brand positioning, shopping behavior, and interest. Moreover, brand associations

³ Results show that the p-value is lower compared to a normal level of confidence, which means that the model is significant and that a relationship between the age and the year of purchase exists. Moreover, the model was run starting with a total sample of 50 (n>30).

were assessed by using both spontaneous and assisted incentives, showing some pictures to understand feelings and emotions. Also, some stimuli in terms of price were provided⁴. In the end, projective techniques were used to comprehend the more hidden thoughts and emotions about Gucci (see Appendix 21). Interviews were recorded and transcribed.

- Semi-structured in-depth interviews with luxury experts

After completed interviews with consumers, to understand from a professional point of view the perception of the brand's success, qualitative interviews were made with experts of the luxury sector. Italian retailers of multi brand stores and professors⁵ working both in France and Asia⁶ have been considered (see Appendix 22). Interviews were recorded and transcribed.

3.2 Main Insights

3.2.1 Segment 1: New Generations

The category refers to respondents who purchased Gucci only after 2015 and are between 15 and 35 years.

- Respondents perceptions of the brand after the second rebranding

The rebranding had a significant impact on respondents, by revolutionizing its aesthetic: more streetwear, creative, cool and extravagant. It opened fashion to a concept of diversity and inclusion, proposing new standards of unconventional beauty by introducing a chaotic anarchy of self-expression, as suggested by respondents. *"Gucci is the only brand that highlighted the aspect of saving our society from the idea of Barbie and Ken."* (Italian female worker, 26). According to this segment, Gucci is the first brand that emphasized the idea of gender promiscuity. Respondents think that the brand has been able to question norms, becoming more desirable and relevant. *"I like the values Gucci communicates, I appreciate the brand wants to give an image of diversity to let overcome the difficulties of consumers and society of today."* (Italian female student, 26). Before the rebranding, it was

⁴ Only if mentioned by consumers previously.

⁵ Some of those professors are former general managers of important luxury companies.

⁶ It was important to include some experts that were informed and knowledgeable of the Chinese Luxury market to understand the perception of Chinese toward Gucci, and also in general how Luxury is perceived by this category of consumers.

perceived as too outdated, communicating luxury as a way to show-off. Additionally, respondents feel that it was too much discounted.

- Respondents negative feelings about the brand's "massification"

Success of the rebranding and new values led the brand to expand through entry-level products such as the *GG belt* and the *Marmont bag*. The initial strategy to release in the market a massive quantity of products was beneficial to create brand awareness, but in the long term the high visibility has been translated with the accessibility of particular products' categories⁷. Many respondents don't feel they want to wear certain Gucci products, because they recall trash people who they don't want to be associated with.⁸ *"Before I really wanted it, because no one had it, but now I don't want to look like everyone else."* (Portuguese female student, 23).

- Extravagancy and innovation are not perceived as met anymore

There is a claim for innovation, the design is perceived by respondents as static, extravagancy is not met anymore. Respondents do not feel they are close to last collections. *"Gucci before was monotonous because of its banality, Gucci today is monotonous because of its extravagance."* (Italian male worker, 24). Some respondents still consider Gucci has a luxury brand only because of its price. Indeed, they feel that the brand lost a bit of its uniqueness. Respondents associate Gucci with a fashion brand because fashion is about being trendy, and Gucci is a brand that follows trends. *"If you look at the price, it is exclusive, but if you look at the products and how many pieces they are producing, it is just accessible."* (Norwegian female student, 23) *"Gucci is always strange, but it is the same strange. It needs to innovate."* (Italian male worker, 24).

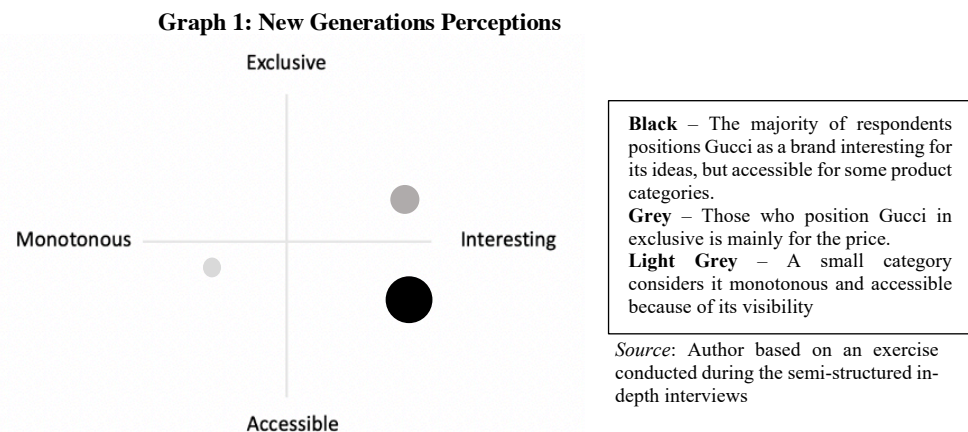
- Gucci is paradoxically still attractive

However, the majority of young respondents feel that the brand cannot become boring because it is able to remain interesting (see Graph 1), reinventing itself and surprising consumers with its collaborations and creations. *"I will not be bored if they can find a way to reinvent themselves. They are*

⁷ Not all the products are accessible, Gucci still has iconic expensive items.

⁸ It is worth noticing that these consumers have all purchased the brand after 2015 and mainly bags, belts and shoes, the same products that are not appealing anymore (see Appendix 23).

creative.” (Italian female student, 24). The contradiction is also the fact that Gucci is still a brand that makes respondents feel empowered, stylish, trendy and happy, even though many of them stated that would only feel this when wearing just one item of the brand and not an entire outfit. Moreover, they still perceive the brand as authentic in communicating its cultural heritage of Italian savoir-faire. The difference in Michele’s positioning with the one of Frida and Ford is that the brand message is not as linear and static as the one before. The heritage is combined to be eccentric, balanced with the research to be closer to young generations. The authenticity is also perceived as stronger in the leather goods rather than in the clothing lines. *“There are authenticity and heritage but more eccentric, creative and inclusive and less traditional and classic.”* (Italian female student, 24).



- Chinese respondents brand perceptions

Our sample included Chinese consumers who consider Gucci a brand that has been able to become part of young generations’ lifestyle, understanding their meaning of luxury. Indeed, luxury is a necessity for their life, it is not something exclusive. *“Young generations don’t see luxury as something really higher than them, they want it to be accessible, to buy online and they just feel it is something cool to identify themselves. European vision is not overspending on luxury, it is exceptional, Chinese are in the pressure of purchasing it.”* (Chinese female student, 24). The audacity and the ability to convert vintage from niche to massive and to recreate the *wow effect*, revitalized the brand bringing it closer to the show-off Chinese culture. However, innovation in its design and trends is not perceived. *“Gucci is a Chinese rich kid.”* (Chinese female student, 23).

3.2.2 Segment 2: Elder Generations

The second analysis focuses on an elder segment⁹ represented by people who used to buy Gucci before and after the rebranding¹⁰ and mainly between 40 and 65 years.

- Respondents perceptions before the second rebranding

Respondents perceived the change as something necessary to appeal to a younger market, focusing sales on particular items by increasing their visibility with advertising. *“Now I found it more for a young target, my tastes are more linear, clean and I appreciate the good tailor. Before it was more classic and elegant, it was differentiating for his tailor made, now it is too visible, less graceful, too much logo driven.”* (Italian female worker, 60). The classicism and the elegance of the lines were symbols of cleanliness and constancy, suitable for each occasion. The Italian craftsmanship, the tailor made and the cultural heritage of communicating its roots were more perceived, the quality of its raw materials was showing up in a more authentic and apparent way. *“Ten years ago, Gucci was the explosion of classic collections of beautiful and simple items, you could buy products with and without logo, you could differentiate and feel yourself with outfit and clothes more wearable.”* (Italian male worker, 45).

- Respondents feel the second rebranding is addressed to younger generations

Respondents are not seeing the change as an effort of the brand to become more exclusive throughout its mission of engaging itself in diversity and inclusion topics. They only perceived the brand expanded to the luxury mass market, transforming its DNA into an eye-catching one. *“Gucci decided to enter a mass market becoming more accessible, and in this way, it attempted to the desirability of consumers.”* (Italian female worker, 31). Respondents were feeling their lifestyle closer to the previous identity of the brand. *“Before the brand was sober, today the clothing is far away from my style, it is not easy to wear, before was more classic.”* (Italian female worker, 41). *“Before it was more a woman in career, projected toward the future with many more things to demonstrate.”* (Italian female worker, 65). Respondents from this segment reject the new clothing line, which is too excessive and visible,

⁹ For this analysis is worth noticing the fact that mainly consumers of European markets were taken into consideration.

¹⁰ However, the frequency of purchase decreased consistently and also the items purchased changed.

neither classy nor sophisticated¹¹. It attacks the desirability of respondents to wear it. *“Wearing it today would be too visible, would make me too visible.”* (Italian female worker, 51). *“Today I don't wear clothes from Gucci because I consider them ridiculous, wearing something 20 years ago was meaningful, you were owning just one object that was dressing you.”* (Italian female worker, 53).

- The new identity is seen as directing the brand to new directions: mass fashion

The initial leverage on a scaling strategy¹² resulted in releasing a massive offer to satisfy a larger part of the market. Indeed, elder respondents perceived a decrease in the quality of raw materials used, but also of the durability of the products. The product life cycle has been shortened, making purchasing processes faster and more “fashion seasonal”. *“I cannot buy pants that cost 1000€ and then the year after they are to throw away.”* (Italian female worker, 56). Respondents consider Gucci a fast fashion brand, far away from their original ideal of luxury fashion brand identified with quality and unicity. Respondents are not investing in the brand as before, impacting negatively the customer lifetime value. *“Today Gucci is positioned in a style completely particular that takes all the people that are not taken by other brands. Gucci is the mass market of the luxury sector.”* (Italian female worker, 32). *“I found Gucci fashionable, but far away from my concept of fashion.”* (Italian female worker, 53).

- Perceived inconsistencies: price and materials

Furthermore, respondents perceive a misalignment of the price: certain categories of leather goods are priced the same when the fabric and quality used is different. *“Too high prices, especially if you put the same price for the canvas and leather bags, they are different in terms of quality.”* (Italian female worker, 41). Additionally, the price of the clothing line is perceived as too expensive for the materials used. Gucci focused more on market share than on transmitting its uniqueness with a “less but better” strategy. Critics are also driven by a perceived lack of innovation of the brand, which is prioritizing logo products and visibility rather than simplicity and stability. *“I am closer*

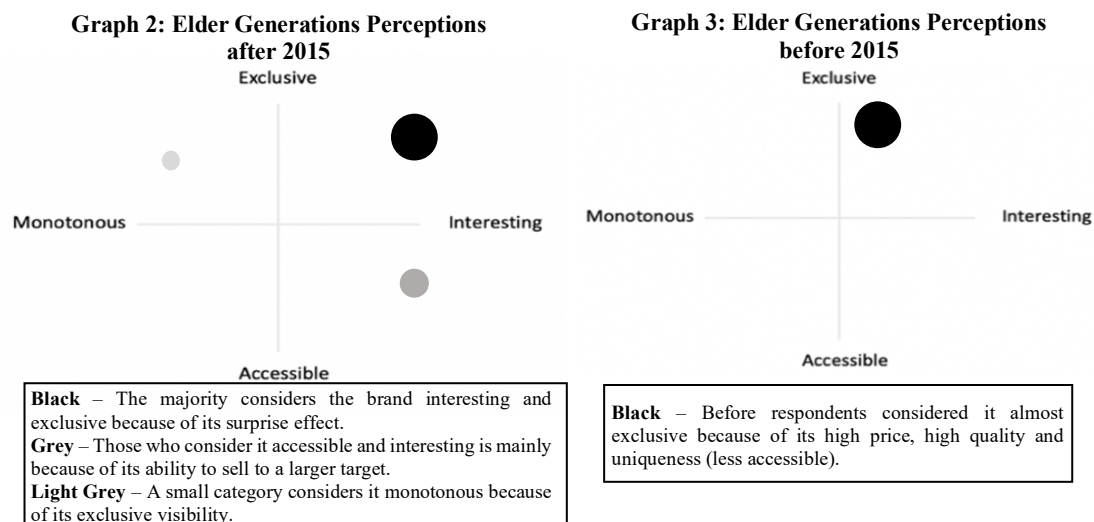
¹¹ An exception is made for iconic leather goods items, which remains a category still purchased, admired and interesting where value can still be perceived.

¹² A strategy based on creating economies of scale by consistently increasing revenues, without affecting costs.

to a line like Prada or Alberta Ferretti, products are more relaxing, also the way they dress it is. Even if you take a piece you can easily wear it every day not only on some occasions.” (Italian female worker, 51).

- Exclusivity as a matter of style

Respondents consider the brand very interesting and exclusive for its design and its style (see Graph 2). The concept of exclusivity is intended as the ability to recreate a surprise effect among consumers and not in terms of price, quality and/or unicity. Indeed, Gucci is seen as a brand that standardized fashion rather than making it different, reversing the exclusivity equation into creating conformity through inclusivity. In contrast, before the rebranding, respondents associated it with an exclusive brand because of its price, quality and unicity (see Graph 3).



Source: Author based on an exercise conducted during the semi-structured in-depth interviews

3.2.3 Luxury Experts

- Experts analysis of the brand before the rebranding

Experts opinions about the brand before its rebranding converge to the vision of a traditional and not innovative brand, but which kept its luxury concept expressed by colors and design. Gucci was not a visionary brand and it needed to expand and follow the evolution of the market.

- Experts analysis of the brand after the rebranding

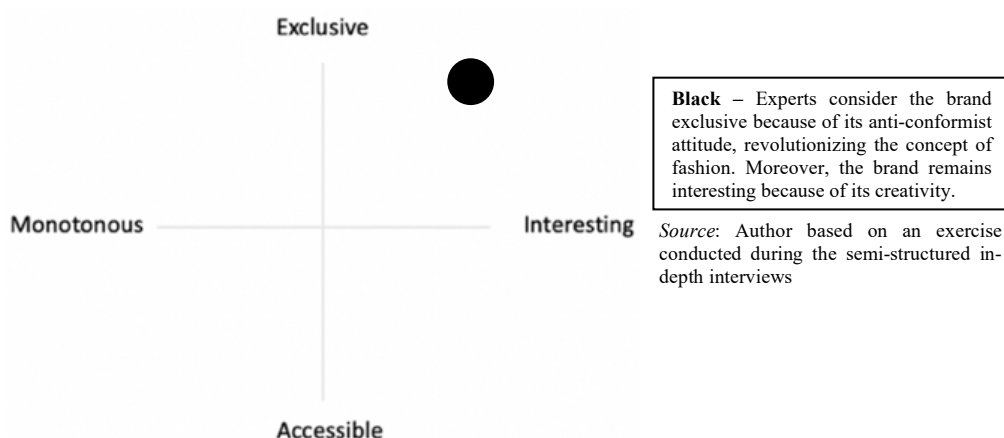
Experts mainly agreed on the ability of the new direction to reverse the equation: down-to-top, from the streets to the shops' windows. Michele disrupted the classic, standard and

institutionalized vision, unbundling fashion to any rules, creating the freedom of self-expression, concentrating its efforts on following the evolution of subcultures. *“Michele promoted the anarchy of fashion. He made fashion more fluid, getting inspiration from young in the streets and giving voice to their trends. Everyone can create its own look.”* (Italian male retailer, 50). *“Di Marco enhanced the timelessness of the brand leveraging on its codes and DNA, but it didn’t work.”* (French male GM, 70). Gucci is mainly considered by experts as a fashionable but not a luxury brand, which projects its heritage toward young generations. This fashion association can be considered as one of the main weaknesses, especially in China, because fashion can lose its *allure*, whereas luxury not. *“Even though Gucci has its potential in the Chinese market, it is not the best one at engaging its consumers. Consumers are still way more attracted by what is high end luxury. Replacing Chanel in the eyes of a Chinese is impossible, replacing a fashion brand it is. Gucci should not be associate too much with this category otherwise will decline easily.”* (French male GM, 70). Experts believe that the increase of the volume released in the market and the expansion of the brand’s facilities not only decreased the value of the brand but also its environmental and social sustainability impact. It encouraged mass production, wasting more raw materials and releasing more emissions. Moreover, it led to a fast-purchasing mechanism incrementing profits but attacking clients’ retention. Consumers have been constantly exposed to different products and new launches without giving them the correct time to establish a long lasting loyal emotional connection with the brand. *“Too many launches are great for sales, but not for the client’s memory to establish a relationship. It is good to be quick, to renew all the time, but I suggest recalling the major values.”* (French female professor, 65). Experts also agreed that key partnerships with main distributors such as wholesales have been fundamental to amplify the brand’s accessibility and to accomplish the product expansion strategy. *“Gucci released a huge number of products also thanks to its several distribution partnerships, but the longevity of the brand it is also measured by the fact that products are not easily found in the market.”* (Italian male retailer, 45). A misalignment of the price, considered too high for certain categories, is also perceived. *“Gucci should be more democratic by creating an equilibrium with its prices.”* (Italian male retailer, 50).

- Experts analysis on the brand's future

Experts think that the brand has been able to survive thanks to its ability to expand its consumers base diversifying its streams of revenues and making products independent from the real DNA, without losing its identity. This strategy and the support of stakeholders provided the brand longevity. *“The strength is the transversality Gucci created, it has more products to be recognized; if you remove the codes you can still recognize the brand and that is why it could remain always an appetible brand, differently from Balenciaga or Celine.”* (Italian male retailer, 45). The relationship that the brand created with the Chinese market is pretty ambiguous. Despite its power in the market, experts think that it is not the major one in attracting and engaging Chinese consumers, they still prefer high end French luxury brands. Gucci created the “coolness” atmosphere, a temporarily trend, but not a permanent loyal affection. The brand could start stagnating if innovation and global appreciation are not pursued. *“If Gucci is able to be considered hot globally then it would be really followed by Chinese.”* (Serbian female professor, 40). Experts believe that innovation can be obtained by rediscovering the classicism and the linearity of the previous identity. However, in their eyes, Gucci is exclusive and interesting because of its style (see Graph 4), and it can survive if it is able enough to be fast and agile in restructuring a new constancy in its business, otherwise it will face a progressive slow down. *“Products are becoming a bit too repetitive. It needs to have more sobriety. It is like going from Champagne to Coca-Cola, now it is time of Champagne.”* (Italian male retailer, 45).

Graph 4: Luxury Experts perceptions



4. Implications

To address the work project question about the ability of the actual strategy of Gucci to sustain the brand middle's term future I built my personal perspective following the table in the Appendix 24, which summarizes the most relevant insights inferred by our research. So far, interviews provided a clear overview of the need for a change and innovation from the brand. Despite a divergence within the elder generations segment, Gucci should still focus its main strategy on the younger one, representing the most profitable segment for the brand. Products should still create that sense of distortion and anarchy by shocking consumers, which makes the brand interesting and fascinating. However, it should do it by rediscovering its luxury side and following less the massification trend, to preserve its exclusivity and timelessness. In order to pursue this, the following strategic actions are highlighted:

- *Market Focus*

The brand should not lose the European market, avoiding possible failure like in 2014. Gucci needs to rediscover the importance of being unique and offering privileged and durable products. The alignment with the Western vision is essential to attract the Chinese one.

- *Brand DNA*

Identity and DNA should be redirected more toward ideals of stability and constancy, through sober products, rather than of extravagance and anti-conformism. Market trends, especially after the pandemic, are switching toward sustainable and stable lifestyles.

- *Product Portfolio & Design*

To succeed in both segments, the brand should extend its products line by creating a sub-brand focused on empowering its timelessness aspects, re-addressing its offer and style toward a more sophisticated, elegant and classic one, especially for the clothing line. In this way, the brand could increase the customer lifetime value of elder generations.

- *Competitive Advantage*

The brand should leverage more on its characteristic of being an Italian brand by highlighting aspects such as craftsmanship and quality of raw materials. A differentiated strategy should be pursued by setting a selective production and distribution to prioritize the exclusivity of iconic and expensive products.

- *Price Strategy*

Prices should be revised. A balance should be created between entry-level products and silver bullet products. This strategy is the key to let the brand remaining valuable and creating product and price categories addressed to identifiable and distinctive segments.

- *Portfolio*

Gucci should diversify its portfolio by developing other categories such as jewelry, and beauty (restoring an in-house production to have more control over it and to increase the brand's profitability), not only fashion. Allowing the brand to dissipate the risk to fail. At the moment the beauty production is owned by Coty, letting the brand to benefit only from royalties.

5. Work Project Main Limitations

Starting from the consumer sample (26), it might not represent the two groups. First, because the number of people is not big enough. Secondly, because of the difficulties to reach the segment of people who purchased the brand before 2015, mainly because of the constraints of the time to interview and to find individuals fitting the research criteria. Third, the sample of respondents belonging to segment 2 is influenced by a respondent also belonging to an age category between 15 and 35. Moreover, opinions from elder generations segment are mainly from an Italian sample, always because of the difficulty to gather data about other nationalities. Lastly, the Chinese segment is underrepresented to be able to generalize to the whole market. Usually, the sample is a common limitation in qualitative research, because it is difficult to investigate consumers' perceptions without using a quantitative method. For this reason, would be good to conduct a quantitative research to prove our beliefs and gather insightful data.

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¹³ This part is not required for the understanding and appreciation of the work project. It represents a separate section to which no page limit applies.

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Appendix 1 – Gucci Codes

BAMBOO BAG



HORSEBIT



WEB



FLORA PRINT

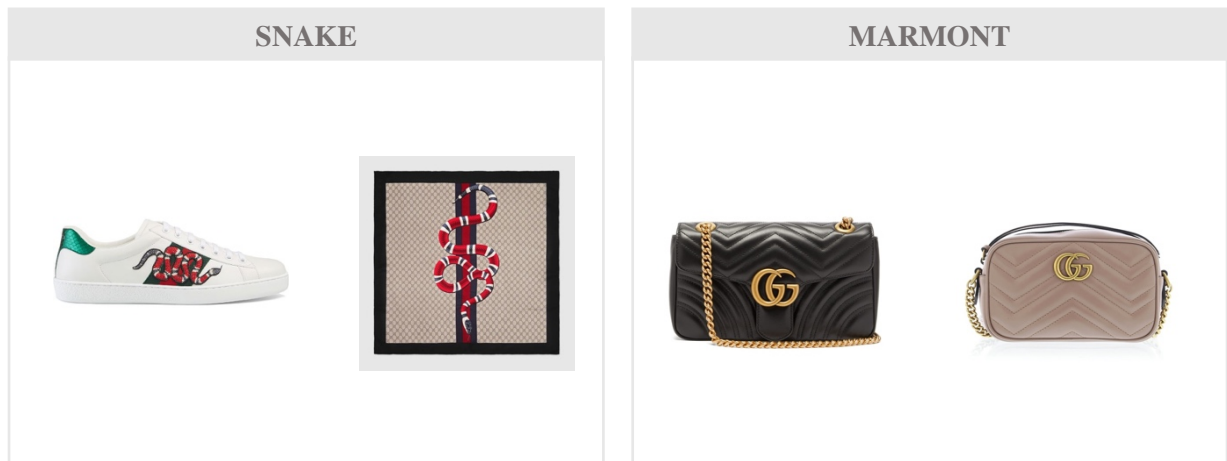


GG



Source: Gucci Website

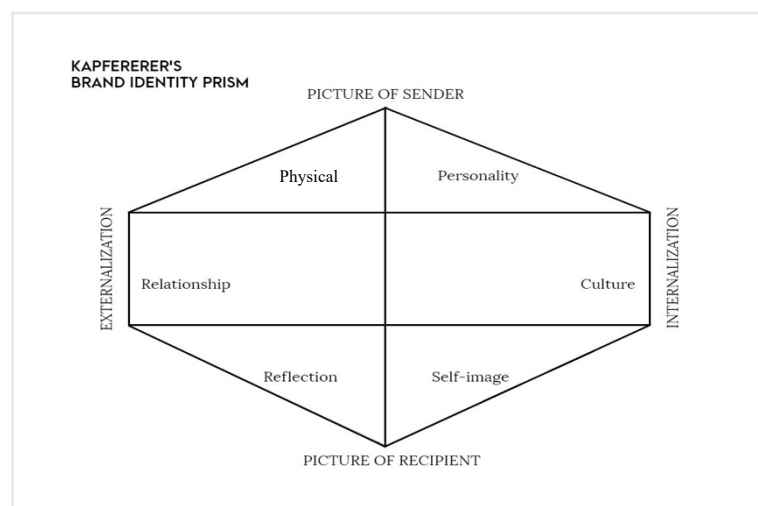
Appendix 2 – New Gucci Codes



Source: Gucci Website

Appendix 3 – Brand Identity Prism

The prism can be divided into two sides which reflect the externalization of the brand, what the brand shows off to consumers and the internalization, how the brand needs to be assimilated by its consumers (da Silveira, 2019). The first part groups three aspects: *physical*, the features of the brand, *relationship*, the counterpart given to consumers, and the *customer reflection*, the ideal representation of the target of the brand (Ibidem). Moving to the internal side, every brand needs to reflect a *personality*, to be identified with its consumers, and the *culture*, the core values of the brand, to finally recognize with a *self-image*, which is the aspired target's internal feelings (Ibidem).



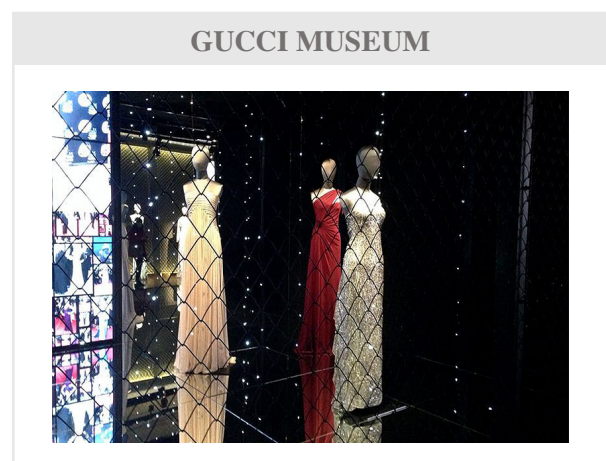
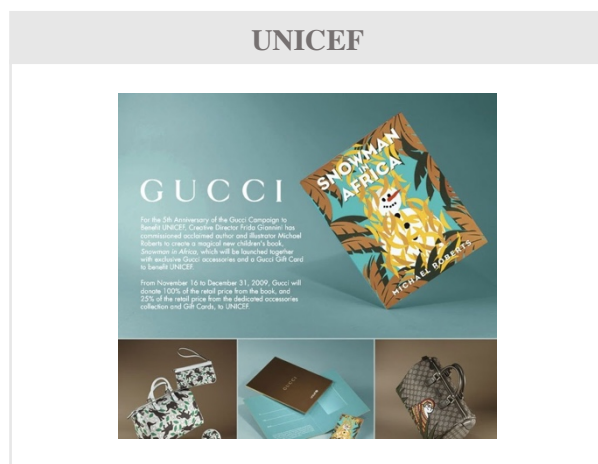
Source: Telemaco, (2018)

Appendix 4 – First Tom Ford’s Campaign

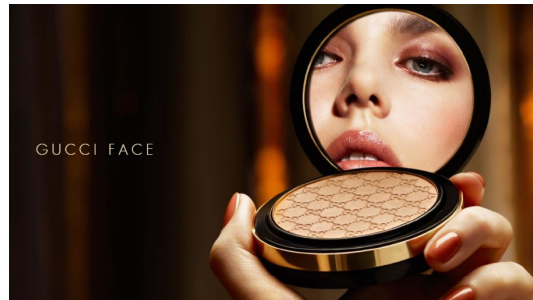


Source: Live Journal

Appendix 5 - Expansion of Gucci's Business



BEAUTY




Sources: Soul Sanctuary, (2009), Little Fashionistas Closet, (2011), MF Fashion, Domus, Fashion Republik (2014)

Appendix 6 – Frida’s Collections



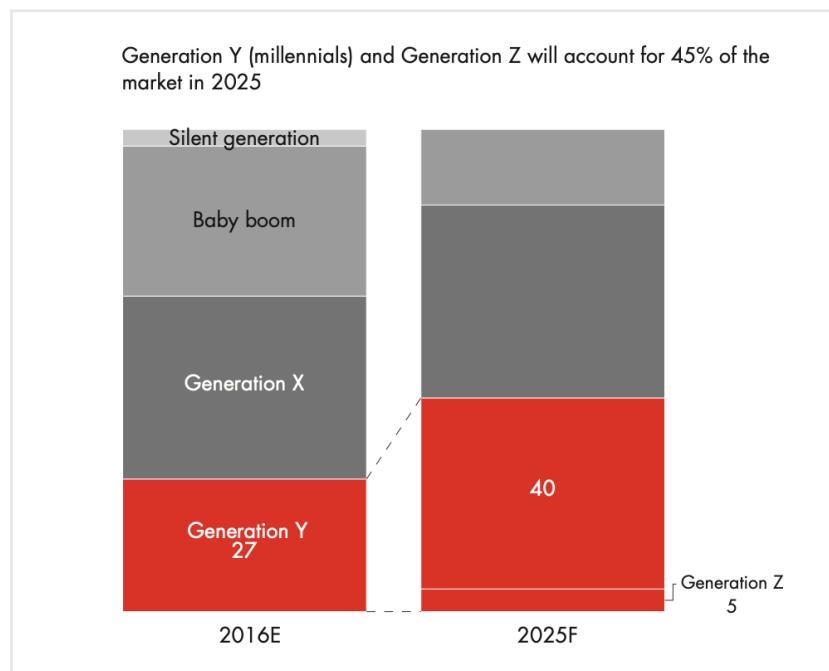
Sources: The Fashion Commentator, (2014)

Appendix 7 – Gucci's Financial Statement 2014

<div>  <div> <p><u>Operating performances by brand</u></p> <p>Luxury Activities</p> <table> <tr> <th>Revenue (in € million)</th> <th>2014</th> <th>2013</th> <th>Reported change</th> <th>Comparable change⁽¹⁾</th> </tr> <tr> <td>Luxury Activities</td> <td>6,758.6</td> <td>6,377.5</td> <td>+6.0%</td> <td>+4.9%</td> </tr> <tr> <td>Gucci</td> <td>3,497.2</td> <td>3,560.8</td> <td>-1.8%</td> <td>-1.1%</td> </tr> <tr> <td>Bottega Veneta</td> <td>1,130.5</td> <td>1015.8</td> <td>+11.3%</td> <td>+12.6%</td> </tr> <tr> <td>Yves Saint Laurent</td> <td>707.3</td> <td>556.9</td> <td>+27.0%</td> <td>+27.2%</td> </tr> <tr> <td>Other Luxury brands</td> <td>1,423.6</td> <td>1,244.0</td> <td>+14.4%</td> <td>+6.0%</td> </tr> </table> </div> </div>					Revenue (in € million)	2014	2013	Reported change	Comparable change ⁽¹⁾	Luxury Activities	6,758.6	6,377.5	+6.0%	+4.9%	Gucci	3,497.2	3,560.8	-1.8%	-1.1%	Bottega Veneta	1,130.5	1015.8	+11.3%	+12.6%	Yves Saint Laurent	707.3	556.9	+27.0%	+27.2%	Other Luxury brands	1,423.6	1,244.0	+14.4%	+6.0%
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⁽¹⁾ Reported.																																		

Source: Kering, (2014)

Appendix 8 - Share of Global Personal Luxury Goods Market by Generation



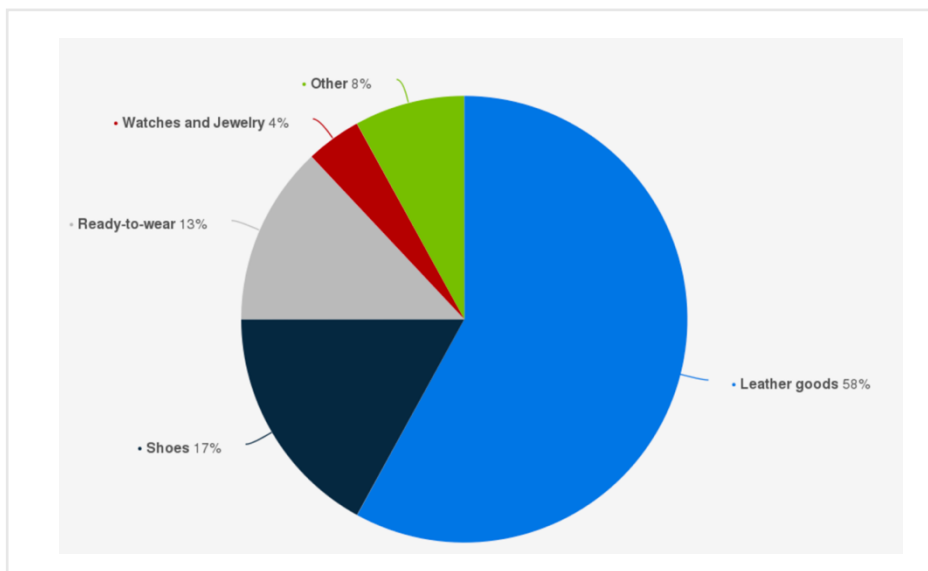
Source: Bain & Company, (2017)

Appendix 9 – Michele’s Pre – Fall 2015 Campaign



Source: The Business of Fashion

Appendix 10 – Revenues Share of Gucci per Product Category



Source: Statista, (2020)

Appendix 11 – Michele's Gucci Rejuvenation

LOOKS



BEAUTY



CHILDREN LINE



RICHARD GINORI



GUCCI MUSEUM



Sources: Pinterest, I Love Green Inspiration (2017), Gucci Website

Appendix 12 – Michele’s Fashion Icons

ELTON JOHN



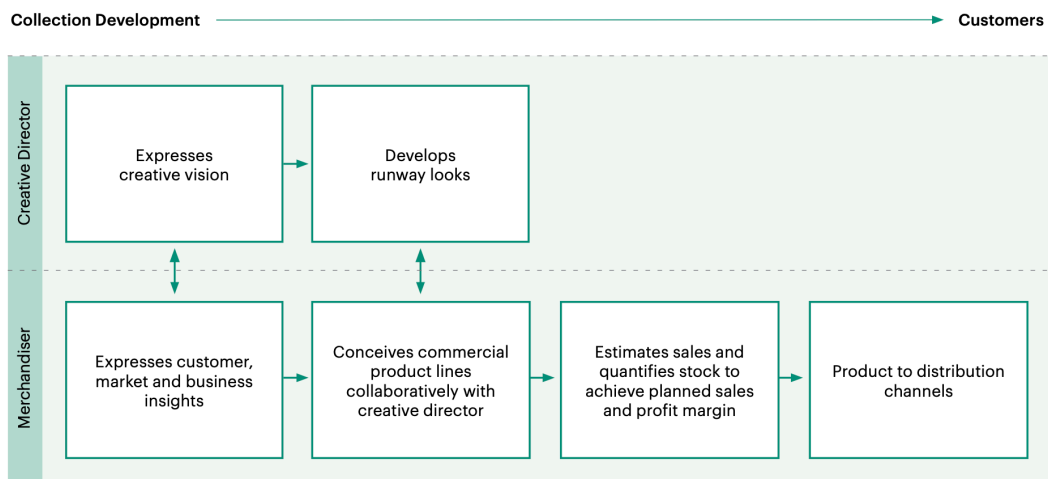
Source: The Hollywood Reporter, (2019)

RIHANNA



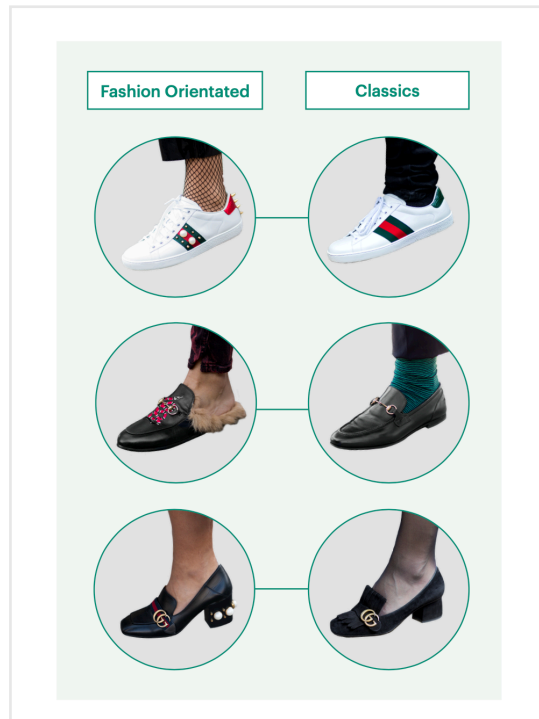
Source: The Telegraph, (2016)

Appendix 13 – Gucci’s Merchandising Model



Source: The Business of Fashion

Appendix 14 – Gucci's Products Balance

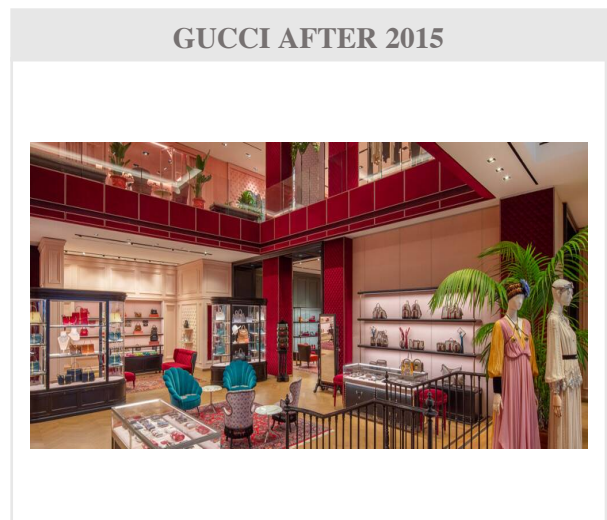


Source: The Business of Fashion

Appendix 15 – Gucci's Store Evolution



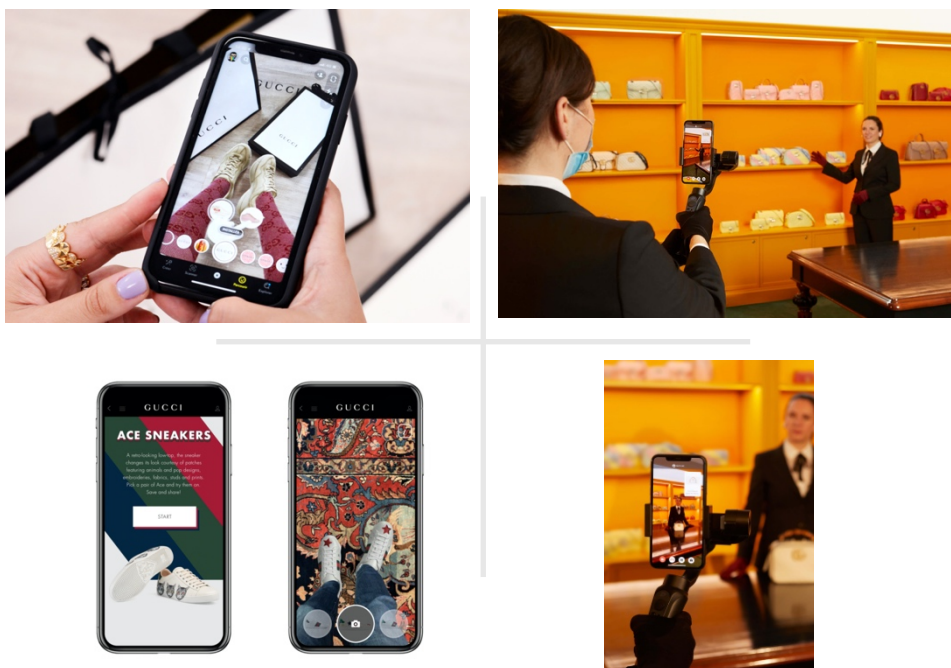
Source: Effegieffe



Source: Gucci Website

Appendix 16 – Gucci’s Digital Innovations

VIRTUAL REALITY AND VIRTUAL SALES



Sources: VRscout, Vogue Business, Luxxu, Virtual Reality Times

Appendix 17 – Gucci’s Financial Statements 2015, 2016 and 2019

2015



Operating performances by activity

LUXURY ACTIVITIES

Revenue (in € millions)	2015	2014	Reported change	Comparable change ⁽¹⁾
Luxury activities	7,865.3	6,758.6	+16.4%	+4.1%
Gucci	3,898.0	3,497.2	+11.5%	+0.4%
Bottega Veneta	1,285.8	1,130.5	+13.7%	+3.2%
Yves Saint Laurent	973.6	707.3	+37.7%	+25.8%
Other Luxury brands	1,707.9	1,423.6	+20.0%	+3.1%

⁽¹⁾ Comparable scope and exchange rate.

Recurring operating income (in € millions)

	2015	2014	Change €m	Change % ⁽¹⁾
Luxury activities	1,708.0	1,665.6	+42.4	+2.5%
Gucci	1,032.3	1,056.0	-23.7	-2.2%
Bottega Veneta	374.5	357.2	+17.3	+4.8%
Yves Saint Laurent	168.5	105.1	+63.4	+60.3%
Other Luxury brands	132.7	147.3	-14.6	-9.9%

⁽¹⁾ As reported.

Source: Kering, (2015)

2016



Operating performances by activity

LUXURY ACTIVITIES: SIGNIFICANT MARKET OUTPERFORMANCE

Revenue (in € millions)	2016	2015	Reported change	Comparable change ⁽¹⁾
Luxury activities	8,469.4	7,865.3	+7.7%	+7.8%
Gucci	4,378.3	3,898.0	+12.3%	+12.7%
Bottega Veneta	1,173.4	1,285.8	-8.7%	-9.4%
Yves Saint Laurent	1,220.2	973.6	+25.3%	+25.5%
Other Luxury brands	1,697.5	1,707.9	-0.6%	-0.3%

⁽¹⁾ On a comparable Group structure and exchange rate basis.

Recurring operating income (in € millions)	2016	2015	Change €m	Change % ⁽¹⁾
Luxury activities	1,936.0	1,708.0	+228.0	+13.3%
Gucci	1,256.3	1,032.3	+224.0	+21.7%
Bottega Veneta	297.4	374.5	-77.1	-20.6%
Yves Saint Laurent	268.5	168.5	+100.0	+59.3%
Other Luxury brands	113.8	132.7	-18.9	-14.2%

⁽¹⁾ As reported.

Source: Kering, (2016)

2019



Operating performances

Revenue (in € millions)	2019	2018	Reported change	Comparable change ⁽¹⁾
Total Luxury Houses	15,382.6	13,246.7	+16.1%	+13.2%
Gucci	9,628.4	8,284.9	+16.2%	+13.3%
Yves Saint Laurent	2,049.1	1,743.5	+17.5%	+14.4%
Bottega Veneta	1,167.6	1,109.1	+5.3%	+2.2%
Other Houses	2,537.5	2,109.2	+20.3%	+17.8%
Corporate and other	500.9	418.5	+19.7%	+16.5%
KERING	15,883.5	13,665.2	+16.2%	+13.3%

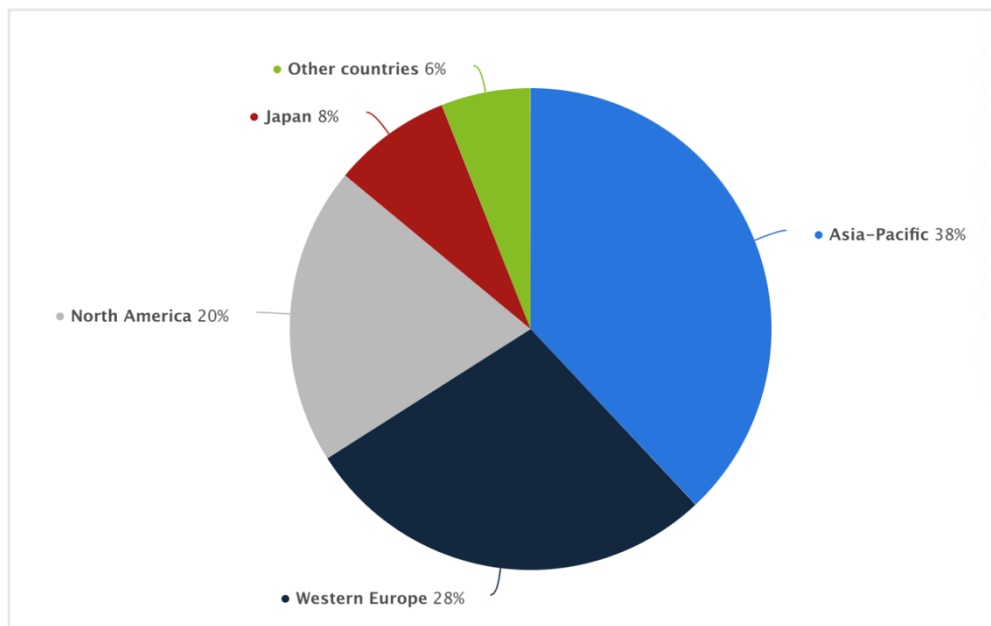
⁽¹⁾ On a comparable Group structure and exchange rate basis.

Recurring operating income (in € millions)	2019	2018 restated under IFRS 16 ⁽¹⁾	Change	2018 reported
Total Luxury Houses	5,042.0	4,238.3	+19.0%	4,191.0
Gucci	3,946.9	3,295.2	+19.8%	3,275.2
Yves Saint Laurent	562.2	468.4	+20.0%	459.4
Bottega Veneta	215.2	251.2	-14.3%	242.0
Other Houses	317.7	223.5	+42.1%	214.4
Corporate and other	(263.7)	(243.4)	-8.3%	(247.2)
KERING	4,778.3	3,994.9	+19.6%	3,943.8

⁽¹⁾ Following the first-time application of IFRS 16 in 2019, comparative data for 2018 has been restated. See Appendices.

Source: Kering, (2019)

Appendix 18 – Gucci Global Revenues by Region



Source: Statista, (2020)

Appendix 19 – Pre-Recruiting Questionnaire

1. Are you interested in the Luxury Sector?

- ☐ Yes
- ☐ No

(If yes continued the analysis)

2. Which of those brands do you know at least by name? (Providing the logo's image)

- ☐ Prada
- ☐ Gucci
- ☐ Louis Vuitton
- ☐ Loewe
- ☐ Hermès
- ☐ Dior
- ☐ Giorgio Armani
- ☐ Chanel
- ☐ Valentino
- ☐ Fendi
- ☐ Emilio Pucci
- ☐ Givenchy
- ☐ Celine
- ☐ Loro Piana
- ☐ Rimowa
- ☐ Marc Jacobs
- ☐ Bottega Veneta
- ☐ Alexander McQueen
- ☐ Berluti
- ☐ N/A

(If the person would have known Gucci, continued the analysis)

3. Which of those brands are you actively interested in? (Providing the logo's image)

- ☐ Prada
- ☐ Gucci
- ☐ Louis Vuitton
- ☐ Loewe
- ☐ Hermès
- ☐ Dior
- ☐ Giorgio Armani
- ☐ Chanel
- ☐ Valentino
- ☐ Fendi
- ☐ Emilio Pucci
- ☐ Givenchy
- ☐ Celine
- ☐ Loro Piana
- ☐ Rimowa
- ☐ Marc Jacobs
- ☐ Bottega Veneta
- ☐ Alexander McQueen
- ☐ Berluti
- ☐ N/A

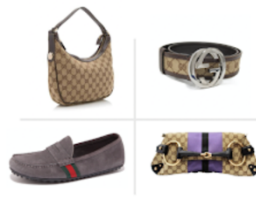
(If interested on Gucci, continued the analysis and possible interviews)

4. Which of those brands did you ever purchase for yourself? (Providing the logo's image)

- ☐ Prada
- ☐ Gucci
- ☐ Louis Vuitton
- ☐ Loewe
- ☐ Hermès
- ☐ Dior
- ☐ Giorgio Armani
- ☐ Chanel
- ☐ Valentino
- ☐ Fendi
- ☐ Emilio Pucci
- ☐ Givenchy
- ☐ Celine
- ☐ Loro Piana
- ☐ Rimowa
- ☐ Marc Jacobs
- ☐ Bottega Veneta
- ☐ Alexander McQueen
- ☐ Berluti
- ☐ N/A
- ☐ I have never purchased luxury fashion brands

(If purchased Gucci, continued the analysis)

5. In case you purchased products from Gucci, do you remember when (before or after 2015, when the brand changed its position in the market)? To help you, below you can find two different images that recall the two different product offers of the brand.



- Before 2015



- After 2015
○ Both
○ I have never purchased products from Gucci

6. What is your full name?
7. What is your age?
8. What is your nationality?

Appendix 20 – Contingency Analysis

In case you purchased products from Gucci, do you remember when (before or after 2015, when the brand changed its position in the market)? To help you, below you can find two different images that recall the two different product offers of the brand. * What is your age? – Convert Crosstabulation

Count

		What is your age? – Convert		
		0	1	Total
In case you purchased products from Gucci, do you remember when (before or after 2015, when the brand changed its position in the market)? To help you, below you can find two different images that recall the two different product offers of the brand.	After 2015	26	5	31
	Before 2015	0	5	5
	Both	8	6	14
Total		34	16	50

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.972 ^a	2	.001
Likelihood Ratio	16.174	2	.000
N of Valid Cases	50		

Source; Author based on the research

Appendix 21 – Interview Guide Consumers

1. Warm-Up

Hello,

I am currently writing my Master Thesis at Nova School of Business and Economics. For my research I am conducting an analysis on consumers interested on luxury and especially on fashion.

For the interview, I decide to use a semi-structured technique, which will recall a normal talk. First, I will start asking you a generic question to let you understand what the general topic would be, after that you can start talking about all the things that you think. Do not worry there is not a right or wrong answer, I just want to know your personal experience and deep feelings.

The interview will last around 45 minutes. To analyze the interview, I will have to record you. Do not worry, I will not share with anyone the interview and the research insights will be completely anonymously. Do you agree with that? Thank you.

2. Initial Question

To start the interview, I would like to investigate a bit on the relationship you have with the brand:

*“Do you remember last time you purchased Gucci? What did you purchase?
Where did you purchase it? How was your experience?”*

*“Do you remember last time you interacted with Gucci? Which was the situation?
Why you get in touch with the brand?”*

3. Topics to Develop¹⁴

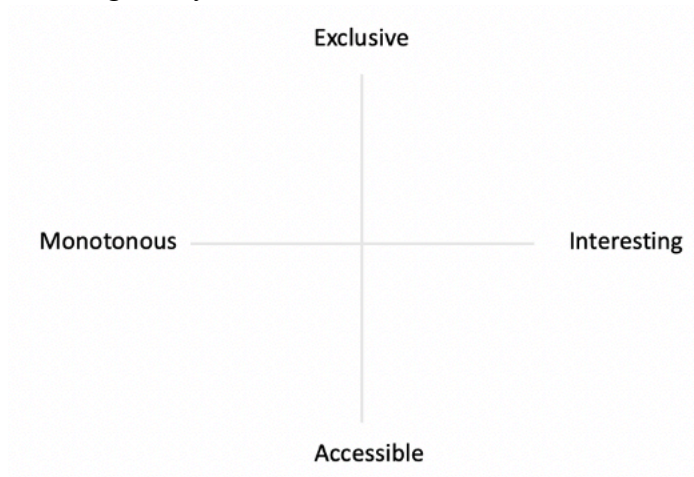
- I. Awareness and spontaneous opinions about the brand:
 - Purchase Behavior
 - Product Awareness
 - Distribution Awareness
 - Interest on the Brand
 - Brand Engagement
 - Strengths and Weaknesses of the Brand (what consumer likes and do not)
 - Price Sensitivity (if mentioned)
 - Quality Perception
 - Satisfaction with the Brand
 - Cultural Heritage – Italian Origins Perception
- II. Assisted opinions of the brand and its products (Showing pictures of products and looks):
 - Emotions and Feeling evoked

¹⁴ It is important to state that the same interview guide has been pursued with both segments (New Generations and Elder one). However, when analyzing the second segment it was important to investigate all previous factors mentioned also before the rebranding, in order to make comparisons between perceptions before and after 2015.

- Willingness to buy



- Positioning Analysis



III. Competition Comparison

IV. Projective Technique:

Before finishing this interview, I would like to use a particular technique, called projective technique:

“Imagine that Gucci was a person. How would you describe this person? In terms of gender, age, personality, occupation.”

Appendix 22 – Interview Guide Luxury Experts

1. *Warm-Up* – Same as the one of the previous Interview Guide

2. *Initial Question*

To start the interview, I would like to investigate a bit on the perspective you have of the brand:

“Where would you see the brand Gucci in five years?”

3. *Topics to Develop:*

I. Opinion about the overall business strategy and model

- Comparisons with the previous and the actual strategy (similar to a SWOT Analysis);
- Price Strategy
- Product Strategy
- Quality of the Brand
- Distribution Strategy
- Collaborations
- Perception of the brand

II. Relationship between Western Europe and Chinese Market

III. Assisted opinions of the brand and its products. Showing pictures of products and looks (Same as the one of the previous Interview Guide, with same images and graph).

IV. Competition Comparison

V. Projective Technique (Same as the one of the previous Interview Guide).

Appendix 23 – Consumers’ Product Purchase

	Gender	Nationality	Products Purchased			
			Before 2015		After 2015	
			Clothing	Leather Goods	Clothing	Leather Goods
Age 15-35	Male	Italian	-	-	-	Shoes
	Female	Portuguese	-	-	-	Belt GG
	Male	German	-	-	-	Belt GG
	Female	Italian	-	-	-	Belt GG
	Female	Italian	-	-	-	Marmont Bag
	Female	Norwegian	-	-	-	Marmont Bag
	Female	USA	-	-	-	Belt GG
	Female	Italian	-	-	-	Marmont Bag
	Female	Chinese	-	-	-	Shoes
	Female	Chinese	-	-	-	Belt GG
	Female	Italian	-	-	Scarf	-
	Female	Italian	-	-	Scarf	Boots
	Female	Chinese	-	-	-	Shoes
Age 40-65	Female	Italian	Dresses	Bags	-	Bag
	Female	Italian	Dresses	Bags	-	Shoes
	Female	Italian	Shirt	-	-	Shoes
	Female	Italian	-	Bags	-	Bag
	Male	Italian	Coat	-	-	Shoes
	Male	Italian	Coat	Bags	-	-
	Male	Italian	Sweater	-	-	Sunglasses
	Female	Italian	Coat	-	-	-
	Female	Italian	Shirts	Bags	Scarf	Bag
	Female	Italian	Dresses	Bags	-	Belt GG
	Female	Italian	-	Bags	Scarf	-
	Female	Italian	-	Bags	-	Shoes
	Female	Italian	Dress	-	-	Shoes
	Female	English	Shirt	Bags	Scarf	-

Source: Author based on the research

Appendix 24 – Research Debrief

	Consumers			Experts
Age	Age 15-35		Age 40-65	Not Relevant
Nationality	Western Europe	China	Western Europe	Not Relevant
Product Categories Purchased	Leather Goods	Leather Goods	Leather Goods and Clothing Before 2015	-
Before 2015	Not High Awareness of the Brand		High Awareness	High Awareness
Strengths	No Info		Costancy & Uniformity of Style & Identity Exclusive Upper class, Mature and Cultured about Luxury Higher Quality of Materials	-
Weaknesses	Outdated, Old, Standard Luxury = Way to Show-off	Not Innovative	Too Repetitive	Focusing too much on the identity and the DNA Classic, Standard and Institutionalized Brand
After 2015	High Awareness of the Brand		High Awareness	High Awareness
Strengths	Creative, Cool, Extroverted Streetwear Diversity & Inclusion Unconventional Beauty Individuality Gender Promiscuity Question Social Conformity	Understanding Gen Z vision of Luxury Vintage - from Niche to Mass Wow Effect Show-Off Chinese Culture	Appeal Young Target	Reversing Equation: from Down to Top No Rules in Fashion Evolution of Subcultures Self-Expression Transversal Customer Base Support of Stakeholders Brand Longevity in the Short-Term State of Desire and Recognition
Weaknesses	Visibility Accessibility of Specific Product Categories (Even if still High Prices) Mainstream VS Iconic Trash Not Innovative	Stagnation No Innovation	Clothing Line too Excessive, Visible, not Sophisticated Decrease of Raw Materials Quality, Durability, Timelessness Shortening of Product Life Cycle Misalignment of Price in certain categories of Leather Goods - Clothing Line too Expensive Not Innovative No simple Decrease in the Customer Life Time Value	Gucci is cool a trend which is not permanent Not Innovating Need Global Recognition to Appeal China Considered as a Fashion Brand for Chinese Consumers Mass Production = Mass Distribution = Less Sustainable = Less Consumers Affection Too High Prices = Especially in Less Iconic Products Mainly focused on the Fashion Activity
Perception	Luxury Brand because of the Price Less Exclusive Fashion Brand = Trend Authentic because communicates its Cultural Heritage in a Modern Way	Neither Exclusive nor High End Luxury Less Sustainable	Before 2015: Cultural Heritage more perceived Not perceiving the efforts to be more Exclusive because of its Inclusivity Luxury Mass Market Fashion Brand not Luxury Authentic because communicates its Cultural Heritage in a Modern Way	Fashion Brand not Luxury Foreign Experts: More Young Generation Heritage. Italian Experts: Still Communicating its Cultural Heritage
Positioning	Interesting (Collaboration & Creativity) and Accessible (Exception of some Iconic Products)		Before 2015: It was mainly Exclusive because of the price, quality and unicity Exclusive and Interesting mainly because of its creativity	Exclusive and Interesting mainly because of its creativity
Feelings	Empowered, Stylish, Trendy, Happy Young, No Social Desire	Rich Young Chinese Different vision from Western Europe - Show-Off Brand for Chinese	Before 2015: Women Empowerment - Autonomy - Independence Ridiculous, Not Appropriate	Excessive, Not Sober, Out of the Rules
Competition	Jaquemus, Bottega Veneta, Prada, Dior Simple and Coherent Brands	Prada More constant and linear - More Sustainable	Dior, Chanel, LV, Hermès Able to not lose their Identity in their Innovation	French Brands: - More driven by a Luxury Strategy; - More integer DNA
China	Not Relevant	Already explained before	Not Relevant	Logos and trends driven
				Gucci as a fashion brand = Premium Fast Fashion
				Ability to attract globally and not only Chinese market
				Chinese show-off vision of luxury not the same as the European one
				Chinese still attracted by French brands = real luxury

Source: Author based on the research